87-1346

No. _____

Supreme Court, U.S.
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CLERK

In The

Supreme Court of the United States

October Term, 1987

—o—

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

—o—

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF FLORIDA

—o—

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QUESTION PRESENTED

Whether the Supreme Court of Florida, by a 4 to 3 vote, erred in declining to follow the new Court of Appeals for the Federal Circuit and instead erroneously applied prior decisions of this Court in ruling unconstitutional a Florida statute that prohibits, as unfair competition, one method of copying unpatented articles, while leaving other methods of copying readily available.

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PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF FLORIDA

Bonito Boats, Inc., through its counsel, petitions for a Writ of Certiorari to review the decision of the Supreme Court of Florida in this case.

OPINIONS BELOW

The opinion of the Supreme Court of Florida (App. *infra* 1-9) is reported at 515 So. 2d 220 (Fla. 1987).

The Florida Circuit Court's order dismissing Petitioner's complaint against Respondent on grounds of federal preemption by the patent laws of the United States is unreported. The Florida District Court of Appeals' opinion affirming the dismissal of Petitioner's complaint is reported at 487 So. 2d 395 (Fla. Dist. Ct. App. 1986) (App. *infra* 10-14).

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JURISDICTION

The opinion of the Supreme Court of Florida was rendered on November 12, 1987. The jurisdiction of this Court is invoked under 28 U.S.C. § 1257(3).

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STATUTE INVOLVED

559.94 Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations. In addition, such person shall be entitled to actual damages incurred as a result of such violation and to reasonable attorney's fees and costs.

(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983.

———o———

STATEMENT OF CASE

(1) In 1976, Petitioner Bonito Boats, Inc. developed an original hull design for a fiberglass recreational boat that it would market under the trade name Bonito Boat Model 5VBR ("the 5VBR"). The 5VBR was the end-product of a substantial investment of Petitioner's time, money and effort. First, a complete set of engineering drawings was prepared. Next, the drawings were used to craft a male hardwood hull mold. Lastly, from this male mold, a fiberglass female mold was produced that was used to construct the finished boats for sale.

On or after July 1, 1983, Respondent Thunder Craft Boats, Inc. copied the 5VBR hull for its own commercial

use. To make this copy, Respondent did not rely on reverse engineering to methodically reconstruct Petitioner's design. It did not develop its own engineering drawings or painstakingly craft a hardwood hull mold to construct its own fiberglass female mold. Rather, from the universe of means for copying the 5VBR's hull design, Respondent chose the one prohibited by statute—the direct molding process. Under this process, an original 5VBR hull was used as the male mold from which the female mold was made. Fiberglass was splashed* on the surface of the original 5VBR hull to create the female mold. From this female mold of the original, Respondent produced identical copies which it marketed as its own.

The direct molding process allows one who uses it to avoid any research and development costs. With the direct molding process available, a party can wait for another manufacturer to assume all the time, effort, and cost of perfecting its original hull, make a direct mold, and then have its own hull to sell at a fraction of the original manufacturer's costs. The copier reaps where he has not sown.

To prohibit this form of unfair competition, Florida passed § 559.94 outlawing the direct molding process. This statute does not give the manufacturer of an original hull the right to exclude others from making, using or selling its hull, as provided by the patent laws. It does not bar competitors from manufacturing or marketing identical copies. It merely bars one unfair *method* of copying and *only* when the method is used for commercial purposes. Under the statute, even direct molding is allowed as a method

*For this reason the direct molding process is also known as "splashing."

of copying where the copies are produced for research, testing or personal use rather than for sale. Eleven other states have similar laws.

(2) Petitioner informed Respondent that its actions violated § 559.94 but the copying persisted. Petitioner therefore filed suit on December 21, 1984 alleging, *inter alia*, that Respondent violated § 559.94. Respondent filed a motion to dismiss alleging that § 559.94 was preempted by the federal patent laws as interpreted in *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco. Corp. v. Day Brite Lighting, Inc.*, 376 U.S. 234 (1964). On March 1, 1985, the Circuit Court granted Respondent's motion.

Petitioner appealed and, on April 24, 1986, the Fifth District Court of Appeals, with one judge dissenting, affirmed the Circuit Court's holding that § 559.94 was unconstitutional because of federal preemption by the patent laws.

Petitioner then appealed to the Supreme Court of Florida. By a vote of 4-3, the Supreme Court affirmed the District Court of Appeals. The majority read *Sears* and *Compco* as holding that unpatented articles in the public domain may be copied in any manner and noted that no case decided by this Court allows states to legislate against certain methods of copying unpatented articles. Three Justices dissented on the grounds that *Sears* and *Compco* were distinguishable because they concerned a state law that had the effect of *entirely* removing an unpatented article from the public domain.

Most significantly, the Florida Supreme Court noted that its decision directly conflicted with the Federal Circuit's decision in *Interpart Corp. v. Italia*, 777 F.2d 678

(Fed. Cir. 1985) but called *Interpart* a "misapplication" of *Sears* and *Compco*. 515 So.2d at 223, App. *infra* 6. In short, the Florida Supreme Court in this case has held a state statute unconstitutional on the federal ground that it is preempted by the patent laws directly in the face of a decision by the Circuit Court of Appeals for the Federal Circuit upholding the constitutionality of a virtually identical statute.

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REASONS FOR GRANTING THE PETITION

I. The Florida court of last resort has decided a federal constitutional issue in conflict with a decision of the Federal Circuit Court of Appeals.

The Florida Supreme Court has decided an important question of federal constitutional law—whether a state is preempted from prohibiting one method of copying so long as other methods are available—in conflict with the decision of the Federal Circuit in *Interpart Corporation v. Italia*, 777 F.2d 678 (Fed. Cir. 1985) upholding the constitutionality of a nearly identical state statute. The conflict is direct, clear and irreconcilable.

The conflict between the Florida Supreme Court and the Court of Appeals for the Federal Circuit is an important consideration governing review on certiorari. U.S. Sup. Ct. R. 17.1(b). Here that conflict has additional significance because the Court of Appeals for the Federal Circuit has exclusive federal appellate jurisdiction in patent cases. 28 U.S.C. § 1295. It therefore speaks with

particular authority on the reach of the United States patent laws.

More specifically, the Federal Circuit in *Interpart*, considered whether California's statute was preempted by federal law. That statute made it:

> unlawful for any person to duplicate for the purpose of sale any manufactured item made by another without permission of this other person using the direct molding process.

California Business & Professions Code § 17300(a) (West Supp. 1985).

The California statute was even broader than Florida's in that California's forbade direct molding of "any manufactured item," whereas Florida's applied only to hulls and components of vessels. In *Interpart*, the Federal Circuit held "the California law does not 'clash' with the federal patent law; the two laws have different objectives." 777 F.2d at 685. The Court noted, "it is clear from the face of the statute that it does not give the creator of the product the right to exclude others from making, using or selling the products as does the patent law." *Id.* at 684-85. Instead, the court found:

> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way: the latter, if in the public domain, is free for anyone to make, use or sell.

Id. at 685.

The Federal Circuit opinion in *Interpart* is more logical and persuasive than the Florida Supreme Court's opinion and, more importantly, is fully consistent with the United States Constitution, the federal patent laws and the American free enterprise system.

Justice Shaw, writing for the three dissenters in the Florida Supreme Court, found the *Interpart* decision "highly persuasive." 515 So.2d at 223, App. *infra* 8. *Sears* and *Compco*, he argued, were distinguishable:

> *Sears* and *Compco* each involved state unfair competition laws prohibiting the sale of identical copies of unpatented times. The state laws had the effect of removing the unpatented items from the public domain, this conflicting with federal policy. In contrast, Section 559.94, Florida Statutes (1983) (sic) does not prohibit the copying of an unpatented item. It prohibits one method of copying, the item remains in the public domain.

515 So.2d at 223, App. *infra* 7-8.

The record below, as summarized above, clearly demonstrates that this case meets this Court's criteria for discretionary review by way of certiorari, as the decisions of the Florida Supreme Court and the Court of Appeals for the Federal Circuit, involving the same federal constitutional issue, are in direct, clear, and irreconcilable conflict. The issue is important and timely. This Court should grant this Petition on this ground alone.*

II. The Florida Supreme Court has decided an important question of federal law which has not been, but should be, settled by this Court.

Petitioner's second ground for seeking certiorari is that this case concerns the still unsettled parameters of the

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*Another federal court has enforced a state statute barring direct molding. *Metro Kane Imports, Ltd. v. Rowoco, Inc.*, 618 F. Supp. 273 (S.D.N.Y. 1985), while a third has implicitly accepted the constitutionality of a direct molding statute in finding that a prima facie violation of that statute had been established. *Brahma, Inc. v. Joe Yeargain, Inc.*, 665 F.Supp. 1447 (N.D.Cal. 1987).

Sears-Compco doctrine. U.S. Sup. Ct. R. 17.1(c). Those cases invalidated a state unfair competition statute that barred *any* copying of an unpatented article but this Court has yet to rule whether, in the wake of *Sears* and *Compco*, states may pass unfair competition statutes that limit one specific form of unfair copying without otherwise prohibiting copying.

However, cases in the 20 years since *Sears* and *Compco* suggest that states are not preempted from enacting unfair competition laws to prohibit specific undesirable and unfair copying activity, so long as these do not have the effect of *entirely* removing an unpatented article from the public domain.

Thus, in *Aronson v. Quick Point Pencil*, 440 U.S. 257 (1979), this Court upheld state enforcement of a royalty contract for an article that later proved unpatentable. In *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), this Court upheld state trade secret protection for unpatented articles. Similarly, in *Goldstein v. California*, 412 U.S. 546 (1973), this Court upheld state record piracy laws as not preempted by the then-copyright statute. These cases show that there is substantial room for legitimate state regulation of unfair methods of competition involving unpatented articles and that such state regulation, if not all-encompassing, is not preempted by the federal patent laws under Article I, § 8, clause 8 of the Constitution. The Federal Circuit, in effect, so held in *Interpart*. The decision of the Florida Supreme Court runs counter to this recognized legitimate state regulation.

This case has special and national importance because legislatures in 12 states have prohibited use of the direct molding process for commercial gain as a means of unfair

competition. The fact that so many legislatures see such statutes as serving the public interest establishes that the issue presented is national in scope and significant in importance. The issue is timely and, important and in view of the Federal Circuit's decision in *Interpart*, ripe for review by this Court.

For the foregoing reasons this Petition presents an important question of federal constitutional law which has not been, but should be, settled by this Court. U.S. Sup. Ct. R. 17.1(c).

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CONCLUSION

The petition for a Writ of Certiorari should be granted and set down for briefing and argument on the merits. Alternatively, the petition should be granted summarily and the decision of the Supreme Court of Florida should be vacated and the case remanded for further consideration in light of *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985).

Respectfully submitted,

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Dated: February 8, 1988

APPENDIX A

SUPREME COURT OF FLORIDA

CORRECTED OPINION

No. 68,829

BONITO BOATS, INC., Appellant,

vs.

THUNDER CRAFT BOATS, INC., Appellant

(November 12, 1987)

GRIMES, J.

We have for review *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 487 So.2d 395 (Fla. 5th DCA 1986), in which the district court found section 559.94, Florida Statutes (1985),* unconstitutional. We have jurisdiction. Art. V, § 3(b)(i), Fla. Const.

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* § 559.94, Fla. Sat. (1985):

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

• • • •

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations. . . .

Bonito filed suit alleging that Thunder Craft unlawfully duplicated an unpatented Bonito boat design using the direct molding process in violation of section 559.94. The trial court dismissed the complaint, finding section 559.94 preempted by federal patent law. The district court affirmed, finding that federal patent law permits unrestricted copying of unpatented articles, relying on *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

In *Sears*, Sears, Roebuck and Company had copied and sold pole lamps which had been originally designed and marketed by Stiffel Company. In reversing a ruling that Sears was guilty of unfair competition under Illinois law, the Court said:

> In the present case the "pole lamp" sold by Stiffel has been held not to be entitled to the protection of either a mechanical or a design patent. An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. "Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested." *Kellogg Co. v. National Biscuit Co., supra*, 305 U.S. at 122 (59 S.Ct. at 115). To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public.

376 U.S. at 231-32. In *Compco*, which involved a similar issue with respect to a lighting fixture, the Court observed:

> Today we have held in *Sears, Roebuck & Co. v. Stiffel Co.*, (376 U.S. 225, 84 S.Ct. 784), that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases.

376 U.S. at 237-38.

The suggestion that a trio of more recent Supreme Court cases has modified the *Sears/Compco* doctrine cannot withstand a careful analysis.

The issue in *Goldstein v. California*, 412 U.S. 546 (1973), was the constitutionality of a California statute that imposed criminal penalties for the duplication of recorded musical performances known as record piracy. Thus, the federal copyright laws rather than the federal patent laws were implicated. The then existing copyright act did not expressly deal with record piracy. Therefore, the Supreme Court concluded that Congress' silence in this respect freed the states to regulate in that area. However, the Court was careful to distinguish "mechanical configurations" protected by the patent law and "writings" which were subject to the copyright law, when it said:

In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal law arises in the case of recordings of musical performances. In regard to this category of "Writings," Congress has drawn no balance, rather, it has left the area unattended, and no reason exists why the State should not be free to act.

Id. at 569-70 (footnote omitted).

The question before the Court in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), was whether state trade secret protection is preempted by operation of the federal patent laws. Trade secret protection can only arise in a private context before an article is placed in the public domain. This protection operates only against a limited number of insiders who have gained exposure to the secret during the development of the article. Trade secret laws do not purport to give the owner or exploiter the right to restrain other competitors from copying the secret once it is placed in the public domain. *Kewanee* held only that neither federal patent laws nor their underlying policies mandated that the holder of a trade secret must be subjected to the risk of its disclosure and use by the insiders with whom he deals. The Court stated:

> [T]he policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection. By definition, a trade secret has not been placed in the public domain.

416 U.S. at 484 (footnote omitted). Section 559.94, Florida Statutes (1984) (sic), is not directed to trade secrets but rather operates to impede the right of competitors to duplicate an unpatented article in the public domain.

Aronson v. Quick Point Pencil Co., 440 U.S. 257 (1979), dealt with a contract to pay royalties for the right to sell an article which later proved to be unpatentable. In upholding the continuing requirement to pay royalties, the United States Supreme Court pointed out that enforcement of the contract did not conflict with the patent laws because anyone could copy the article. At the same time, the Court reaffirmed the principle that:

> [A] state may not forbid the copying of an idea in the public domain which does not meet the requirements for federal patent protection.

Id. at 264.

Pursuant to the *Sears/Compco* doctrine, when an article is introduced into the public domain, only a patent can eliminate the inherent risk of competition and then but for a limited time. Yet, the dissent purports to uphold the statute because it outlaws only one type of duplication. Either an article in the public domain is fully protected by patent or it may be copied in any manner. The United States Supreme Court has never ruled that the states may

selectively enact barriers against some methods of copying unpatented articles.

Admittedly, the United States Court of Appeals in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), held a substantially similar California statute was not preempted by federal patent law. As the basis for its ruling, the court said:

> [T]he statute . . . does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

Id. at 684-85.

With all due respect, this is a misapplication of the *Sears/Compco* doctrine. Regardless of whether we approve of one capitalizing upon the fruits of another's labor, a competitor is not "unscrupulous" in the eyes of the patent law if he copies someone else's unpatented invention, irrespective of the manner employed to make the copy.

Apparently, the direct molding process is an efficient and inexpensive way of duplicating boat hulls. Otherwise, the legislation, which is intended to protect the original manufacturers of boat hulls, would never have been enacted. There is no indication that section 559.94 was passed to prevent mislabelling or deceptive trade practices. The suggestion that it is "unfair" for one to copy the work of another through the process of making a mold has already been taken into consideration by the federal patent laws which maintain the balance between protecting inventions and the desirability of free competition. Article I, section 8 of the United States Constitution empowered Congress to establish laws with respect to inventions and the states are precluded from second-guessing these laws by placing unauthorized restrictions upon their implementation.

We hold section 559.94 to be unconstitutional and affirm the decision of the district court of appeal.

SHRLICK, BARKETT and KOGAN, JJ., Concur
SHAW, J., Dissents with an opinion, in which McDONALD, C.J., and OVERTON, J., Concur

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SHAW, J., dissenting.

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964), and its companion case, *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), stand for the general rule that

> when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.

376 U.S. at 237. *Sears* and *Compco* each involved state unfair competition laws prohibiting the sale of identical copies of unpatented items. The state laws had the effect

of removing the unpatented items from the public domain, thus, conflicting with federal patent policy. In contrast, section 559.94, Florida Statutes (1983) (sic), does not prohibit the copying of an unpatented item. It prohibits one method of copying; the item remains in the public domain.

The United States Court of Appeals for the Federal Circuit recently found in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), that a substantially similar California statute was not federally preempted, reasoning that

> the statute . . . does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the 'plug' for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

Id. at 684-85. The majority finds that the court of appeals misapplied the *Sears/Compco* doctrine. I disagree, and find the decision highly persuasive. The United States Court of Appeals for the Federal Circuit has exclusive jurisdiction over appeals from final federal district court decisions arising under patent law. 28 USCS § 1295(a)(1) (1986). "In creating this nationwide subject matter jurisdiction in the area of patent appeals, it was the intention of Congress to provide a forum that would increase doctrinal stability in the area of patent law and reduce forum

shopping, which was considered to be common in patent litigation." *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1013, 1032 (Fed. Cir. 1985).

The majority points out that "[t]he United States Supreme Court has never ruled that the states may selectively enact barriers against some methods of copying unpatented articles," slip op. at 5 [App. 5-6]. The Court has ruled that "states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law." *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979) (citations omitted). *Aronson* involved a contract to pay royalties allegedly in conflict with federal patent law. Although the majority seeks to distinguish *Aronson* and cases cited therein, the Court's discussion of the *Sears/Compco* doctrine and general propositions of intellectual property law apply to patent law as well as other areas of intellectual property law. I would not read this case as restrictively as does the majority.

This Court has a duty to resolve all doubt as to a statute's validity in favor of its constitutionality. *See e.g. Falco v. State*, 407 So.2d 203 (Fla. 1981); *Horseman's Benevolent and Protective Association, Florida Division, v. Division of Pari-Mutuel Wagering Department of Business Regulations*, 397 So.2d 692 (Fla. 1981); *Ison v. Zimmerman*, 372 So.2d 431 (Fla. 1979); *State v. Williams*, 343 So.2d 35 (Fla. 1977). Given the United States Supreme Court's silence on the precise issue presented in this case and the United States Court of Appeals decision in *Interpart*, I would reverse the district court's decision and find section 559.94 valid and not preempted by federal patent law.

McDONALD, C.J., and OVERTON, J., Concur

APPENDIX B

BONITO BOATS, IN Appellant,

v.

THUNDER CRAFT BOATS,

INC., Appellee.

No. 85-458.

District Court of Appeal of Florida,
Fifth District.

April 24, 1986.

COWART, Judge.

The plaintiff below, Bonito Boats, Inc. (Bonito), appeals from an order dismissing with prejudice its complaint against the defendant below, Thundercraft Boats, Inc. (Thundercraft).

Bonito's complaint alleged that Thundercraft unlawfully duplicated one of Bonito's unpatented boat hulls using a "direct molding process" in violation of section 559.94, Florida Statutes.[1] The lower court granted Thundercraft's motion to dismiss Bonito's complaint with prejudice on the ground that federal patent laws permit

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1. 559.94 Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.—

(1) As used in this section, the term:

(a) "Direct molding process" means any dirrect molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(Continued on following page)

unrestricted copying of unpatented articles and preempt section 559.94, Florida Statutes. We affirm.

The issue in this case is whether federal patent laws preempt section 559.94, Florida Statutes. Two United States Supreme Court cases provide the answer. In *Sears Roebuck and Co. v. Stiffel Co.*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), the Supreme Court held that a state may not, consistent with the supremacy clause of the Constitution (U.S. Const. art. VI), prohibit the copying of an unpatented article or award damages for such copying. Unpatented articles are in the public domain and may be copied and sold by whoever chooses to do so. The Court rearticulated this position in *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669

(Continued from previous page)

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violatons. In addition, such person shall be entitled to actual damages incurred as a result of such violation and to reasonable attorney's fees and costs.

(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983.

(1964), noting that when an article is unprotected by a patent, state law may not forbid others to copy the article.

This is exactly what section 559.94, Florida Statutes, attempts to do by restricting duplication of vessel hulls or vessel component parts via the direct molding process. This restriction runs counter to the Congressional policy of granting patents only to true inventions and then only for a limited time and encroaches upon both the federal patent laws and the Congressional intent that the federal patent laws determine the question of what is to be patentable and protected from copying and what is to be in the public domain and unprotected from being copied.

We are aware that (as Bonito argues) section 559.94, Florida Statutes, prohibits only one form of copying, i.e., using the "direct molding process," yet permits detailed copying using other methods of duplication. However, neither *Sears*, nor *Compco*, nor any other Supreme Court opinion holds that federal law authorizes a state to limit the manner in which an unpatented item may be duplicated.[2] If state law may not forbid others from copying an unpatented article, then state law may not forbid a particular method of copying.

Interpart Corp. v. Italia, 777 F.2d 678 (Fed.Cir.1985), is on point and supports appellant's position but we do not believe that case is consistent with *Sears, Roebuck and Co.* and *Compco*. We therefore hold that federal patent laws

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2. The *Sears/Compco* doctrine does not prohibit the right of a state to require "those who make and sell copies to take precautions to identify their products as their own." *Compco*, 376 U.S. at 238, 84 S.Ct. at 782, 11 L.Ed.2d at 672. However, that is not the problem in this case.

preempt Florida's power to regulate the copying of unpatented articles and that section 559.94, Florida Statutes, is unconstitutional under the supremacy clause of the United States Constitution. The lower court's order dismissing Bonito's complaint with prejudice is affirmed.

AFFIRMED.

COBB, C.J., concurs.

ORFINGER, J., dissents with opinion.

ORFINGER, Judge, dissenting.

I respectfully dissent. Section 559.94, Florida Statutes (1985) does not prohibit the copying of a boat hull, per se. It only prohibits the specific method of copying by the direct molding process. I find nothing in the *Sears/Compco* cases which prevents the state from outlawing this particular predatory type of misappropriation.

A very similar California statute was recently held constitutional in the case of *Interpart Corporation v. Imos Italia, Vitaloni, S.p.A.*, 777 F.2d 678 (Fed.Cir.1985). The court found no conflict with federal law nor any violation of the *Sears/Compco* principles. In holding that the statute did not clash with the objectives of the federal patent laws nor stand as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress, the federal court said of the California statute:

> It is clear from the face of the statute that it does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by

> using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

I find this interpretation persuasive. Both *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964), involved statutes which prohibited *all forms* of copying, and which, in effect, created state patent laws. Under the statute in question here, a competitor may copy and duplicate a boat hull in any fashion whatever, except by the direct molding process. I fail to see how this limitation conflicts with or impairs the federal patent laws. *See Kewanee Oil Company v. Bicron Corp.*, 416 U.S. 470, 94 S.Ct. 1879, 40 L.Ed.2d 315 (1974). I would hold the statute constitutional and reverse the judgment below.